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HPO Request –General Guidance

Since the DoD CSO must approve HPO requests in writing, therefore, it is only appropriate that a Component CSO (CCSO) sign the memo for these requests. A CCSO's memo is the CCSO's endorsement of the MEO nominating the MEO for HPO status, which justifies a delay for follow-on competition. General information about the MEO should be included in the memo such as start/final performance decision dates, type of public-private competition, prior operation method, number of directly affected government personnel, MEO size, private sector offers/bids received, and post-MEO review date. Other required statements to include in the memo are provided below, including sufficient detailed MEO documentation to justify that the MEO is qualified for HPO status. At a minimum, the following must be attached:

- a. **DCAMIS Record**: Attach a printed copy of the DCAMIS record and ensure the data in the record is current.
- b. **MEO implementation documentation as follows**: A memo stating that a Post-MEO Performance Review was conducted prior to May 29, 2003 in accordance with the previous circular (RSH, Part I, Chapter 3, paragraph L) or that a similar review was conducted after May 29, 2003. This memo is to be signed by and the review performed by the AFAA or a non-MEO individual with the expertise to make such an evaluation. This review is a necessary element in determining if an MEO is indeed a candidate for HPO status. The review independently substantiate that the MEO (1) has been implemented as stated in the Government Management Plan that was provided to the contracting officer during the cost comparison process, (2) has been performing the requirements stated in the PWS, and (3) the MEO cost is within the in-house cost estimate stated on the cost comparison form that was used to make a final cost comparison decision. The MEO, PWS, and cost estimate must take into account changes to requirements and standard cost factors since the final cost comparison decision was determined. At a minimum, the results of the review must be included in the written memo stating the response to the above three questions, and a summary of changes to the requirements and cost factors. NOTE: If there have been requirements changes and the PWS has not been updated, this MEO is not a candidate for HPO status.
- c. **MEO performance documentation** as follows: A signed memo stating that regular performance assessments have been conducted using the Quality Assurance Surveillance Plan by a non-MEO individual, and that regular quality control assessments have been conducted by the MEO using a Quality Control Plan (or similar self-assessment approach). This memo must indicate the following in two separate statements: (1) quality assurance assessment substantiates that the MEO is meeting or exceeding the performance standards (including customer satisfaction) stated in the PWS within the MEO resources, and (2) the MEO is performing regular self-assessments and the regularity of these assessments (e.g., daily, weekly, monthly). The QASP, Quality Control Plan, PWS, and MEO must take into account changes to requirements since the final cost comparison decision was determined. A summary of such changes should be included in the memo to demonstrate that they are maintained and updated regularly.

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- d. **Cost Savings documentation:** Either a standard or streamlined competition form (SCF/SLCF) must be completed to document the MEO's continued savings and be included in the CCSO's request. The certifications on the SCF/SLCF do not apply to MEO extension requests; therefore, signatures are not required. Since the SCF or SLCF is an attachment to the CCSO's memo, the CCSO's endorsement is validation that the costs on the SCF or SLCF are correct. The CCSO memo must include a statement that (1) the agency cost estimate for the MEO is calculated in accordance with the circular, (2) a contracting officer conducted market research (in accordance with the FAR) to determine the fair and reasonable contract price stated on SLCF Line 7, and (3) a separate individual prepared the remaining SLCF lines.
1. **Agency Cost Estimate:** If a SCF is used to document cost savings, the agency cost estimate must be completed using the standard competition costing procedures. If a SLCF is used to document cost savings, the agency cost estimate must be completed using the streamlined competition procedures. .
 2. **Market research documentation as follows:** In determining this contract cost estimate, Components (1) must not purposely select high-cost contracts, (2) may use an average contract cost, and (3) are not limited to the use of a specified number of contracts for evaluation purposes (e.g. 4). The CCSO memo must include a summary of how market research was conducted to arrive at a contract cost estimate.

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